

## Message Text

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ACTION SS-14

INFO OCT-01 ISO-00 EUR-08 EB-03 SP-02 TRSE-00 NSC-05

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FRB ONLY

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ECONOMIC SITREP NO. 21 TUESDAY, NOVEMBER 30

REF: ROME 19448

1. SUMMARY. FOUR-HOUR GENERAL STRIKE BY INDUSTRIAL UNIONS  
PROTESTING NATURE OF AUSTERITY PROGRAM SHUT DOWN NEWSPAPERS  
TODAY, AMONG OTHER BUSINESSES. UNION CONFEDERATIONS SMART-  
ING AT GOVERNMENT'S FAILURE TO RESPOND TO LETTER WHICH DE-  
MANDED THAT ALL ASPECTS OF INTENDED ECONOMIC PROGRAM BE SPECI-  
FIED. CONSEQUENTLY, NEGOTIATIONS WITH INDUSTRY WILL CONTINUE  
WHILE GOVERNMENT STILL HOLDS CONCEALED HAND. WHOLESALE  
PRICES IN OCTOBER UP 2.5 PERCENT ANBTCGSUMER PRICES UP 2.9  
PERCENT. LIRA RATE ALMOST UNCHANGED WITH MARKET DEMAND AT  
LOW LEVEL. END SUMMARY.

2. FOUR-HOUR GENERAL STRIKE. FOUR-HOUR GENERAL STRIKE OF  
7 MILLION DEPENDENT INDUSTRIAL WORKERS CALLED BY UNION CON-  
FEDERATION NOVEMBER 30 AS ONE OF SERIES OF "ARTICULATED STRIKES"  
PROTESTING GOVERNMENT'S NATURE OF AUSTERITY PROGRAM. ONE  
CONSEQUENCE IS THAT NO NEWSPAPERS PUBLISHED ON NOVEMBER 30  
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AND MANY OTHER ACTIVITIES CURTAILED OR POSTPONED.

3. GOVERNMENT PLANS REMAIN WILD CARD IN UNION-INDUSTRY TALKS. GOVERNMENT'S (DELIBERATE) FAILURE TO RESPOND TO UNION CONFEDERATION DEMAND THAT FULL EXTENT OF AUSTERITY MEASURES PLANNED AND MEANS TO EFFECT THEM BE SPELLED OUT HAS LEFT UNIONS UNSURE OF MANEUVERING ROOM LEFT THEM IN DISCUSSIONS WITH INDUSTRY. BOTH UNIONS AND INDUSTRY WOULD LIKE VERY MUCH FOR GOVERNMENT TO LAY OUT PLAN TO REDUCE LABOR AND PRODUCTION COSTS AND THUS THEY WOULD NOT HAVE TO EITHER ENGAGE IN SERIOUS CONCESSIONS OR SHARE ONUS OF FAILED NEGOTIATIONS RESULTING IN GOVERNMENT IMPOSED SOLUTION. NEGOTIATIONS RESUME ON DECEMBER 2 WITH UNCERTAINTY AS TO GOVERNMENT'S DETERMINATION AND LENGTHS TO WHICH IT WOULD GO TO SEE LABOR COSTS REDUCED ACTING AS A WILD CARD IN NEGOTIATIONS.

4. ECONOMIC INDICATORS. WHOLESAL PRICE INDEX FOR OCTOBER RELEASED NOVEMBER 29 SHOWED INCREASE OF 2.5 PERCENT OVER PREVIOUS MONTH. AVERAGE INCREASE JANUARY-OCTOBER 1976 COMPARED TO SAME PERIOD IN 1975 SHOWED INCREASE OF 21.1 PERCENT. CONSUMER PRICE INDEX SHOWS INCREASE OF 2.9 PERCENT IN OCTOBER COMPARED TO SEPTEMBER.

5. MONEY MARKET. NOVEMBER 30 LIRA/DOLLAR RATE UNCHANGED AT 865.50 (AGAINST 865.95 ON PRECEDING DAY). MARKET DEMAND CONTINUES AT MUCH REDUCED LEVEL. PRIOR DEPOSIT REQUIREMENT REDUCED TO 40 PERCENT FROM 45 PERCENT FROM TODAY. VOLPE

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## Message Attributes

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